

Message Text

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ACTION EB-07

INFO OCT-01 AF-10 ARA-06 EUR-12 EA-07 NEA-10 IO-13

ISO-00 L-03 FRB-03 OMB-01 ITC-01 SP-02 AGRE-00

AID-05 CIAE-00 COME-00 INR-07 LAB-04 NSAE-00

OIC-02 EPG-02 SIL-01 STR-04 TRSE-00 CEA-01 USIE-00

INRE-00 /102 W

-----272246Z 096357 /72

P R 271715Z MAY 77

FM USMISSION GENEVA

TO SECSTATE WASHDC PRIORITY 7755

INFO ALL EC CAPITALS

AMEMBASSY ABIDJAN

AMEMBASSY ANTANANARIVO

AMEMBASSY ASUNCION

AMEMBASSY BANGKOK

AMEMBASSY BERN

AMEMBASSY BOGOTA

AMEMBASSY BRASILIA

AMEMBASSY BRIDGETOWN

AMEMBASSY BUENOS AIRES

AMEMBASSY CANBERRA

AMEMBASSY CARACAS

AMEMBASSY DACCA

AMEMBASSY GEORGETOWN

AMEMBASSY GUATEMALA

AMEMBASSY HELSINKI

AMEMBASSY KHARTOUM

AMEMBASSY KINGSTON

AMEMBASSY KINSHASA

AMEMBASSY LA PAZ

AMEMBASSY LILONGWE

AMEMBASSY LIMA

AMEMBASSY LISBON

AMEMBASSY MADRID

AMEMBASSY MANAGUA

AMEMBASSY MANILA

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AMEMBASSY MAPUTO

AMEMBASSY MBABANE

AMEMBASSY MEXICO

AMEMBASSY MOGADISCIO

AMEMBASSY MONTEVIDEO

AMEMBASSY MOSCOW

AMEMBASSY NEW DELHI

AMEMBASSY OTTAWA
AMEMBASSY PANAMA
AMEMBASSY PORT LOUIS
AMEMBASSY PORT OF SPAIN
AMEMBASSY PRETORIA
AMEMBASSY QUITO
AMEMBASSY RABAT
AMEMBASSY SAN JOSE
AMEMBASSY SAN SALVADOR
AMEMBASSY SANTIAGO
AMEMBASSY SEOUL
AMEMBASSY SOFIA
AMEMBASSY STOCKHOLM
AMEMBASSY SUVA
AMEMBASSY TAIPEI
AMEMBASSY TEGUCIGALPA
AMEMBASSY TEL AVIV
AMEMBASSY TOKYO
AMEMBASSY VEINNA
AMEMBASSY WELLINGTON
AMCONSUL BELIZE
AMCONSUL CALI
AMCONSUL CAPETOWN
AMCONSUL DURBAN
AMCONSUL GUAYAQUIL
AMCONSUL RIO DE JANEIRO
AMCONSUL SAO PAULO
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C O N F I D E N T I A L SECTION 1 OF 2 GENEVA 4219

E.O. 11652: GDS

TAGS: UNCTAD, ETRD

SUGAR NEGOTIATIONS: DEADLOCKED

1. MAJOR EXPORTERS (AUSTRALIA AND BRAZIL) MET MAY 25-26
WITH MAJOR IMPORTERS (US, JAPAN AND CANADA) INFORMALLY
AND MADE SOME PROGRESS RESOLVING DIFFERENCES ON A NUMBER
OF ISSUES BUT IN END FAILURE TO AGREE ON STOCK LEVELS CAUSED
EFFORT TO COLLAPSE.

(A) INITIAL QUOTAS AND QUOTA ADJUSTMENT - ALL AGREED THAT
INITIAL QUOTA/MARKET SHARE WORK AT CONFERENCE IS PROCEEDING
ACCEPTABLY. BEGINNING IN THIRD YEAR AND ANNUALLY THEREAFTER,
QUOTAS/MARKET SHARES WILL BE RENEGOTIATED; IF THE
NEGOTIATIONS FAIL A FORMULA BASED PARTIALLY ON INITIAL
MARKET SHARES AND PARTIALLY ON PERFORMANCE. IN THIRD

YEAR, 50 PERCENT BASED ON PERFORMANCE, USING THE BEST ONE
OF THE PAST TWO YEARS, AN 50 PERCENT ON BASIC EXPORT SHARE;
IN FOURTH AND FIFTH YEARS, 100 PERCENT BASED ON PERFORMANCE,
USING THE BEST TWO OF THE PAST THREE YEARS.

(B) PRICES: RANGE WOULD BE 11 TO 21 CENTS PER POUND.
QUOTAS SUSPENDED AT 15 CENTS IN A RISING MARKET, AND PUT IN
EFFECT AT 14 CENTS IN A DECLINING MARKET. QUOTA CUTS WOULD
BE MDE AT 12 AND 11 CENTS; QUOTA RESTORATIONS WOULD BE MADE
AT 12 AND 13 CENTS. IMPORTS FROM NON-MEMBERS (ASIDE FROM
TAIWAN) WOULD BE HELD TO 75 PERCENT OF THE 1974-76 AVERAGE
THROUGHOUT ENTIRE PRICE RANGE.

(C) AUTOMATIC SHORTFALL REDISTRIBUTION WOULD COUNT AGAINST
PERFORMANCE IF UNDECLARED AND WOULD NOT COUNT IF DECLARED;
WITH REDISTRIBUTED SHORTFALLS WHICH ARE FILLED BY OTHER
COUNTRIES ALSO CREDITED TO THOSE COUNTRIES PERFORMANCE
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CALCULATIONS.

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INRE-00 /102 W

-----272245Z 096482 /72

P R 271715Z MAY 77

FM USMISSION GENEVA

TO SECSTATE WASHDC PRIORITY 7756

INFO ALL EC CAPITALS

AMEMBASSY ABIDJAN

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C O N F I D E N T I A L SECTION 2 OF 2 GENEVA 4219

2. STOCK LEVEL, AND POSSIBLE FUNDING, WERE NOT UNRESOLVED.
AT MAY 26 MEETING JAPAN INDICATED THEY WILLING TO ACCEPT
TOTAL STOCK LEVEL OF 2.0 - 2.2 MILLION TONS, AND NO FINANCING.
AUSTRALIA PREPARED TO ACCEPT 2.0 MILLION TONS; BRAZIL PREPARED
ACCEPT JONES-PARRY'S TOTAL STOCKS (2.47 MILLION TONS) BUT
WITH "HOPE" OF FINANCING.

3. AT LENGTHY MEETING MAY 26, BRAZIL RETREATED ON
STOCK REDUCING LEVEL TO 10 PERCENT BET WITH POSSIBILITY
OF REACHING 2 MILLION TONS, DEPENDING ON QUOTA CUTS. BRAZIL
ALSO RETREATED ON QUOTA SUSPENSION POINT TO 15.5 CENTS.
BOTH AUSTRALIA AND BRAZIL REFUSED A STRONG PLEA BY MUSGROVE
OF CANADA TO ACCEPT THE STOCK LEVEL PROPOSED BY JONES-PARRY.
AT THE CONCLUSION OF THE MEETING, JONES- PARRY WAS INFORMED
THAT THE SMALL GROUP HAD REACHED AN IMPASSE IN THEIR ATTEMPT
TO AGREE ON A PACKAGE. JONES-PARRY INDICATED THAT HE WOULD
SUBMIT A REVISED "CHAIRMAN'S PACKAGE" TO A PLENARY MEETING
SCHEDULED FOR MAY 27. SORENSON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE, SUGAR, POLICIES, NEGOTIATIONS, IMPORTERS, EXPORTERS
Control Number: n/a
Copy: SINGLE
Sent Date: 27-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977GENEVA04219
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770190-0911
Format: TEL
From: GENEVA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770511/aaaaaiuq.tel
Line Count: 258
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: b39a6088-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 17-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2341704
Secure: OPEN
Status: NATIVE
Subject: SUGAR NEGOTIATIONS: DEADLOCKED
TAGS: ETRD, US, AS, BR, CA, UNCTAD
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/b39a6088-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009